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AGRICULTURAL EDUCATION DEVELOPMENT

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Agreement Between the
UNITED STATES OF AMERICA
and SRI LANKA

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Signed at Colombo August 31, 1978

NOTE BY THE DEPARTMENT OF STATE

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SRI LANKA

Agricultural Education Development

Agreement signed at Colombo August 31, 1978;
Entered into force August 31, 1978.

A.I.D. Project Number 383-0049

PROJECT
GRANT AGREEMENT
BETWEEN
THE GOVERNMENT OF THE REPUBLIC OF SRI LANKA
AND THE
UNITED STATES OF AMERICA
FOR
AGRICULTURAL EDUCATION DEVELOPMENT

Dated: August 31, 1978

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[1] Not printed herein. The annex is deposited in the archives of the Department of State where it is available for reference.

PROJECT GRANT AGREEMENT DATED AUGUST 31, 1978 BETWEEN THE REPUBLIC OF SRI LANKA ("GRANTEE") AND THE UNITED STATES OF AMERICA, ACTING THROUGH THE AGENCY FOR INTERNATIONAL DEVELOPMENT ("A.I.D.").

ARTICLE 1: The Agreement

The purpose of this Agreement is to set out the understandings of the parties named above ("Parties") with respect to the undertaking by the Grantee of the Project described below, and with respect to the financing of the Project by the Parties.

ARTICLE 2: The Project

SECTION 2.1 Definition of Project. The Project, which is further described in Annex 1, will provide long and short term technical assistance, training, and equipment and materials to the Faculty of Agriculture in the University of Sri Lanka, Peradeniya Campus and to the Post Graduate Institute of Agriculture over a seven year period to expand these organizations' capacity to indigenously train undergraduates and postgraduates in Agriculture. Annex 1, attached, amplifies the above definition of the Project. Within the limits of the above definition of the Project, elements of the amplified description stated in Annex 1 may be changed by written agreement of the authorized representatives of the Parties named in Section 8.2, without formal amendment of this Agreement.

SECTION 2.2 Incremental Nature of Project. A.I.D.'s contribution to the project will be provided in increments, the initial one being made available in accordance with Section 3.1 of this Agreement. A subsequent increment of three million ($3,000,000) dollars will be subject to availability of funds to A.I.D. for this purpose, and to the mutual agreement of the Parties, at the time of a subsequent increment, to proceed.

ARTICLE 3: Financing

SECTION 3.1 The Grant. To assist the Grantee to meet the costs of carrying out the Project, A.I.D. pursuant to the Foreign Assistance Act of 1961, as amended,[1] agrees to grant the Grantee under the terms of this Agreement not to exceed three million United States ("U.S.") Dollars ($3,000,000) ("Grant").

The Grant may be used only to finance foreign exchange costs, as defined in Section 6.1, of goods and services required for the Project.

SECTION 3.2 Grantee Resources for the Project.

(a) The Grantee agrees to provide or cause to be provided for the Project all funds, in addition to the Grant, and all other resources

[1] 75 Stat. 424; 22 U.S.C. § 2151 note.

required to carry out the Project effectively and in a timely manner.

(b) The resources provided by Grantee for the Project will be not less than the equivalent of Rs.49,000,000, including costs borne on an "in-kind" basis.

SECTION 3.3. Project Assistance Completion Date.

(a) The "Project Assistance Completion Date" (PACD) which is September 30, 1985, or such other date as the Parties may agree to in writing, is the date by which the Parties estimate that all services financed under the Grant will have been performed and all goods financed under the Grant will have been furnished for the Project as contemplated in this Agreement.

(b) Except as A.I.D. may otherwise agree in writing, A.I.D. will not issue or approve documentation which would authorize disbursement of the Grant for services performed subsequent to the PACD or for goods furnished for the project, as contemplated in this Agreement, subsequent to the PACD.

(c) Requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters are to be received by A.I.D. or any bank described in Section 7.1 no later than nine (9) months following the PACD, or such other period as A.I.D. agrees to in writing. After such period, A.I.D. giving notice in writing to the Grantee, may at any time or times reduce the amount of the Grant by all or any part thereof for which requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, were not received before the expiration of said period.

ARTICLE 4: Conditions Precedent to Disbursement

SECTION 4.1. First Disbursement. Prior to the first disbursement under the Grant, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

(a) An opinion of counsel acceptable to A.I.D. that this Agreement has been duly authorized and/or ratified by, and executed on behalf of, the Grantee, and that it constitutes a valid and legally binding obligation of the Grantee in accordance with all of its terms;

(b) Evidence that the Ministry of Higher Education and the Ministry of Finance approve the Project and will provide funds and make arrangements on a timely basis for the design and construction of additional required buildings.

(c) Evidence of Agreement that the Postgraduate Institute of Agriculture and the Faculty of Agriculture may recruit and hire necessary personnel during the life of the Project in order to permit long-term training and adequate staffing commensurate with the objectives of the Project.

(d) Evidence of Agreement that existing and newly recruited staff

are not required to serve for any fixed period of time prior to when they can depart for training.

(e) Designation of a Project Director with authority for day-to-day implementation of the Project.

(f) A signed contract for technical assistance to be provided under the Grant.

SECTION 4.2. Construction Related Disbursements. Prior to any disbursements, or the issuance of any commitment documents under the Project Agreement associated with the construction of any buildings under the Project, excepting feasibility and design costs, the Grantee shall furnish in form and substance satisfactory to A.I.D., detailed design plans, specifications and a plan for construction of required facilities and acquisition of required equipment.

SECTION 4.3. Notification. When A.I.D. has determined that the conditions precedent specified in Section 4.1 and 4.2 have been met, it will promptly notify the Grantee.

SECTION 4.4. Terminal Dates for Conditions Precedent.

(a) If all of the conditions specified in Section 4.1 have not been met within 120 days from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may terminate this Agreement by written notice to Grantee.

ARTICLE 5: Special Convenants

SECTION 5.1 Project Evaluation. The parties agree to establish an evaluation program as part of the Project. Except as the Parties otherwise agree in writing, the program will include, during the implementation of the Project and at one or more points thereafter:

(a) evaluation of progress toward attainment of the objectives of the Project;

(b) identification and evaluation of problem areas of constraints which may inhibit such attainment;

(c) assessment of how such information may be used to help overcome such problems; and

(d) evaluation, to the degree feasible, of the overall development impact of the Project.

SECTION 5.2. Retention of Staff. The Grantee covenants that staff trained under the Project will not be transferred from Peradeniya to other locations without the prior written agreement of A.I.D. until three years after the project assistance completion date.

ARTICLE 6: Procurement Source

SECTION 6.1 Foreign Exchange Costs. Disbursements pursuant to Section 7.1 will be used exclusively to finance the costs of goods and services required for the Project having their source and origin in the United States (Code 000 of the A.I.D. Geographic Code Book as in

effect at the time orders are placed or contracts entered into for such goods or services) ("Foreign Exchange Costs"), except as A.I.D. may otherwise agree in writing, and except as provided in the Project Grant Standard Provisions Annex, Section C.1(b) with respect to marine insurance.

ARTICLE 7: Disbursement

SECTION 7.1 Disbursement for Foreign Exchange Costs.

(a) After satisfaction of conditions precedent, the Grantee may obtain disbursement of funds under the Grant for the Foreign Exchange Costs of goods or services required for the Project in accordance with the terms of this Agreement, by such of the following methods as may be mutually agreed upon:

(1) by submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, (A) requests for reimbursement for such goods or services, or (B) requests for A.I.D. to procure commodities or services in Grantee's behalf for the Project; or,

(2) by requesting A.I.D. to issue Letters of Commitment for specified amounts (A) to one or more U S. banks, satisfactory to A.I.D., committing A.I.D. to reimburse such bank or banks for payments made by them to contractors or suppliers, under Letters of Credit or otherwise, for such goods or services or (B) directly to one or more contractors or suppliers, committing A.I.D. to pay such contractors or suppliers for such goods or services.

(b) Banking charges incurred by Grantee in connection with Letters of Commitment and Letters of Credit will be financed under the Grant unless Grantee instructs A.I.D. to the contrary. Such other charges as the Parties may agree to may also be financed under the Grant.

SECTION 7.2. Other Forms of Disbursement. Disbursements of the Grant may also be made through such other means as the Parties may agree to in writing.

SECTION 7.3. Rate of Exchange. Except as may be more specifically provided under Section 7.2, if funds provided under the Grant are introduced into Sri Lanka by A.I.D. or any public or private agency for purposes of carrying out obligations of A.I.D. hereunder, the Grantee will make such arrangements as may be necessary so that such funds may be converted into currency of Sri Lanka at the highest rate of exchange which, at the time the conversion is made, is not unlawful in Sri Lanka.

ARTICLE 8: Miscellaneous

SECTION 8.1. Communications. Any notice, request, document, or other communication submitted by either Party to the other under this Agreement will be in writing or by telegram or cable, and will be

deemed duly given or sent when delivered to such party at the following addresses:

To the Grantee:

Mail Address: Director, External Resources Department
Ministry of Finance & Planning
Colombo 1, Sri Lanka

Alternate address for cables: FORAID
Colombo, Sri Lanka

To A.I.D.:

Mail Address: Director, USAID Colombo
c/o American Embassy
Colombo, Sri Lanka

Alternate address for cables: USAID AMEMBASSY
Colombo, Sri Lanka

All such communications will be in English, unless the Parties otherwise agree in writing. Other addresses may be substituted for the above upon the giving of notice.

Section 8.2. Representatives. For all purposes relevant to this Agreement, the Grantee will be represented by the individual holding or acting in the office of Director of External Resources Department, Ministry of Finance & Planning and A.I.D. will be represented by the individual holding or acting in the office of Director, USAID Sri Lanka, each of whom, by written notice may designate additional representatives for all purposes other than exercising the power under Section 2.1 to revise elements of the amplified description in Annex 1. The names of the representatives of the Grantee, with specimen signatures, will be provided to A.I.D., which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

Section 8.3. Standard Provisions Annex. A Project Grant Standard Provisions Annex (Annex 2) [1] is attached to and forms part of this Agreement.

In witness whereof, the Grantee and the United States of America, each acting through its duly authorized representatives, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

GOVERNMENT OF THE REPUBLIC OF SRI LANKA		UNITED STATES OF AMERICA	
By:	W. M. Tilakaratna	By:	W. Howard Wriggins
Name:	W. M. Tilakaratna *Secretary,* *Ministry of Finance and Planning*	Name:	W. Howard Wriggins *American Ambassador*

[1] See footnote 1, p. 2.

ANNEX I

1. Project Background

Additional trained personnel are needed in Sri Lanka to plan and implement programs to develop the agricultural potential of the country. While additional skilled personnel are needed at all levels the need for more B.Sc. and advanced degree graduates is particularly acute. Such graduates readily find employment and no pool of unemployed graduates exist. Existing capacity to train graduates is minimal and does not meet identified demand. This capacity is limited to the Faculty of Agriculture at the University of Sri Lanka, Peradeniya Campus which produces approximately 100 B.Sc. graduates a year and the recently formed Post Graduate Institute of Agriculture also at Peradeniya which utilizes faculty staff and the part time services of government or private sector employees to instruct graduate students.

Significant expansion of these institutions is necessary to meet the demand for trained personnel. The alternative of continued training abroad in Agriculture is not only more costly in the long run but the training so provided often lacks relevance to Sri Lanka. An expansion of trained people at the B.Sc. and advanced degree levels is directly relevant to and beneficial for the poor in Sri Lanka where the bulk of the poor are on agricultural land, the majority of land is in small holdings, agriculture figures prominently in the economy, and where development has emphasized equity.

2. Project Description

The purpose of this project is to double the annual number of indigenously trained B.Sc. graduates and triple the annual number of indigenously trained postgraduates by 1985. Employment of these graduates will contribute to the sector goal of promoting agricultural development that increases domestic food production; expands employment opportunities; and improves the small farmers' level of living. Basic assumptions are that B.Sc. and advanced degree holders will be employed locally in programs, both public and private sector, that contribute to agricultural development; that personnel trained to the B.Sc. and advanced levels are important to agricultural development; and that the agricultural development which does occur will benefit small farmers and the rural poor. The validity of these assumptions is based on the demand for trained personnel ascertained from various studies and experience; the lack of unemployment among existing graduates; the realization that national programs benefit from planning and implementation by people with relevant training; the history of social equity in previous programs; and the equity considerations inherent in planned programs in the rural sector.

The means to achieving this purpose is the expansion of the two indigenous institutions training higher level agricultural personnel – the Post Graduate Institute of Agriculture, and the Faculty of Agri-

culture at the Peradeniya Campus of the University of Sri Lanka, both of which share a common professional staff and many facilities. The method for attaining this increased capability is hiring and training additional staff; providing expatriate professors both to teach and to supervise the research of staff in training; expanding facilities including library, buildings, and equipment to accommodate increased enrollment; and enrolling more students as more staff and facilities become available. Training is designed to maximize time in Sri Lanka and the relevance of the training to Sri Lanka. It is anticipated that trainees would spend two years abroad in course work, one and a half years in Sri Lanka doing research, and approximately 6 months abroad completing degree requirements. While in Sri Lanka their research would be supervised by a visiting staff member in their specialty.

The responsibility for providing the inputs which would lead to the outputs indicating additional institutional capability are shared between AID, the GSL, and other donors as follows:

A. AID would finance:
   1. Approximately 28 person years of technical assistance, primarily visiting faculty both long and short term, through a host country contract with a U.S. institution;
   2. Ph.D. training for a target figure of 38 participants at different schools under the same host country contract;
   3. Equipment and vehicles for the Faculty and PGIA programs;
   4. Books, material, and equipment for a library;
   5. Staff per diem and supervisory visits; and
   6. Miscellaneous expenses.

B. The GSL will contribute:
   1. Local operating expenses estimated for the period 1978–1985 to be: for PGIA Rs. 7,581,000 ($473,812) for the Faculty Rs. 27,006,000 ($1,687,875);
   2. Additional on-campus buildings and furniture—Rs. 10,151,000 ($634,438);
   3. Additional off-campus (demonstration farm) facilities at a cost of Rs. 5,078,000 ($317,375);
   4. A portion of the vehicles required for the project including 7 trail bikes, one sedan, 2 twelve-passenger mini-buses, 2 thirty-four passenger buses, one double cab pick-up truck, one 2–3 ton stake truck at anestimated cost of $100,000;[1] and
   5. Existing facilities and equipment the value of which has not been determined or attributed.

C. Other Donor financing is being sought for:
   1. Training for approximately 12 Ph.D. candidates; and
   2. Technical assistance (visiting Faculty) totaling approximately 84 pm.

[1] Vehicles may instead be financed by another donor. [Footnote in the original.]

3. Project Implementation

The project will be implemented by the Post Graduate Institute of Agriculture (PGIA) with the assistance of the Faculty of Agriculture of the University of Sri Lanka at Peradeniya. The project will be located at the Peradeniya Campus. The PGIA will contract with a U.S. institution or consortium of institutions which will provide technical assistance for the project primarily in the form of visiting faculty to assist in teaching, curriculum development, and supervision of research, and which will be responsible for providing training to Faculty and PGIA professional staff at U.S. institutions.

The project includes financing for equipment, library books and equipment, vehicles, and limited funds for travel of the project manager or designee to the U.S. or supervisory visits as well as limited funds to pay per diem of staff enabling them to extend slightly on trips not financed under the project. The means of procuring equipment and library needs will be determined early in project life.

The implementing agencies will be responsible for local costs of the project; for providing staff to be trained; for providing the physical facilities that expansion of faculty and student enrollment will entail; and for recruitment of additional students; as well as for overall implementation of the project.

Project Financial Plan

(Source and application of funding—$ Thousands)

As of August , 1978 Project Number: 383-0049

Project inputs	Cumulative obligation/ commitments as of August , 1978			Future years anticipated			Total
	AID	GSL [1]	Other [2]	AID	GSL [1]	Other [2]	
Technical Assistance	1, 277			1, 276	—	669	3, 222
Training	934			934	—	545	2, 413
Equipment	485			484	—	—	969
Library	188			187	—	—	375
Vehicles	50			50	[3] 100	—	200
Staff travel per diem	4			5	—	—	9
GSL supervisory visits	5			6	—	—	11
PGIA/Faculty operating expenses	—			—	2, 162	—	2, 162
Buildings	—			—	952	—	952
Miscellaneous	57			57	—	—	114
Total	3, 000			2, 999	3, 214	1, 214	10, 427

[1] A portion of the GSL contribution consists of operating expenses for CY 1978.
[2] Contributions of other donors are under negotiation. Figures cited are illustrative estimates.
[3] May be financed by other donors.

[Footnotes in the original.]

U.S. GOVERNMENT PRINTING OFFICE: 1980